DOCUMENT RESUME

ED 190 186 JC 800 464

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TITLE The Common Market Concept: Contracting for Community-Based Educational Services. Monograph No. 2.
INSTITUTION COMBASE, Stockton, Calif.
PUB DATE [80]
NOTE 12p.

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Community Benefits; *Community Colleges; *Contracts; *Cooperative Programs; Cost Effectiveness; Educational Innovation; Institutional Cooperation; *Noncampus Colleges; *Regional Cooperation; School Business Relationship; Two Year Colleges
IDENTIFIERS *John Wood Community College IL

ABSTRACT

Beginning with a description of the educational needs and resources of Quincy, Illinois, this report examines the establishment and operation of John Wood Community College (JWCC), an institution using the educational service contract to offer quality instruction without duplicating the services of other colleges in the area. After the legal basis for this "common market" system is presented, the process whereby students are admitted, counseled, registered, and given financial aid through JWCC but actually attend one of the public or private postsecondary institutions in the tri-state area is explained. Then, the advantages of the educational common market to the residents of the district are enumerated, including the student's ability to take classes at the institutions which best meet his/her need, the affordable $12 per unit which the student pays, the availability of the Open Learning Center for self-paced, individualized instruction, and the accessibility of Project Outreach Centers. Next, the benefits to the contracting institutions are identified and a recent cooperative program between JWCC and a local industry is described. The future of community-based contractual education is then assessed with special emphasis placed on the successes evident in JWCC's operation. Finally, a checklist of factors to consider in adapting the contractual model is provided. (AYC)

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ED190186

# MONOGRAPH No. 2

# THE COMMON MARKET CONCEPT: CONTRACTING FOR COMMUNITY-BASED EDUCATIONAL SERVICES

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# The Common Market Concept: Contracting For Community-Based Educational Services

## Introduction

Leaders in the field of higher education are in general agreement that the 1980's will be a difficult and challenging time for colleges and universities because of declining enrollments, inflationary factors, increased state and federal controls and strong competition from industry to attract talented young people to their own "in-house" training programs.

John Wood Community College, the newest member of the Illinois community college system, has implemented a contractual common market concept that has expanded educational programs, reduced "turf" conflicts, and avoided program duplication while reducing costs.

## Development Of The College

The story of John Wood Community College's unusual evolution is rooted in the history of post-secondary education in Quincy and the tri-state area. When JWCC was organized in the fall of 1974, it became a part of a region already rich in educational resources. Across the Mississippi River in Missouri were Hannibal-LaGrange College, a private two-year college located in Hannibal, and Culver-Stockton College, a private four-year liberal arts college founded in Canton, Missouri, in 1853. Further north, in Iowa, was Southeastern Community College in Keokuk. Even though these schools were located out of state, they were readily accessible for many residents of outlying segments of the JWCC district.

Quincy itself boasted two long-established and highly respected post-secondary institutions: Quincy College, a private four-year liberal arts college founded in 1860, and Gem City College, founded in 1870 and incorporating a School of Business, School of Horology, School of Fashion Merchandising, and School of Cosmetology. In addition, instruction in technical fields was available at Quincy Technical

Schools, which had grown steadily since its inception in 1963, becoming one of the largest proprietary technical schools of its kind in Illinois.

Given the variety and quality of post-secondary education in the area, duplication of programs and services at a new institution in a costly new physical plant was clearly viewed as wasteful and unnecessary. The approach taken, therefore, was to establish a common market of schools so that students attending JWCC would have access to all the educational programs available in the area. Indeed the concept was to share human as well as physical resources, avoid duplication of effort and stress cooperation rather than competition.

## Contracting For Instructional Services

The legal basis of the common market system is the educational service contract. The contract enables JWCC to purchase comprehensive educational services and student activity privileges from the contracting institutions at a set per credit hour fee. Educational services are defined as "formal classroom instruction, counseling/advising, administrative support services, placement assistance and total use of physical facilities, including libraries." Student activity privileges include all student activities available to the contracting institution's own students.

Students are admitted, counseled, registered, and given financial aid through JWCC, paying the low community college tuition rate of $12 per semester hour. At the conclusion of each academic term, JWCC reimburses the contracting institution for the total credit hours generated by its students.

The rate of payment to the contracting agencies for educational services is established through negotiations on an institution by institution basis, and in general is based on instructional cost factors. A variable rate structure reflecting an economy of scale concept gives JWCC a cost break when credit hours generated at the contracting institution reach a certain level. This "bulk rate" concept is beneficial to both parties. JWCC can increase the number of students serviced with the built-in incentive of a reduced cost factor. At the same time,

the contracting institution is guaranteed a higher base rate for minimal enrollments which permits more accurate budget projections.

In 1979 the variable rate formula was further refined with the introduction of an inflation index. The base rate for an institution was multiplied by the percentage of change in the Higher Education Price Index (HEPI) from the previous fiscal year to determine the new per credit hour fee. This procedure provides both a degree of standardization in rate structures and a means of determining an equitable rate for inflationary factors. Furthermore, it has provided a side benefit of placing negotiations in a more neutral framework, thus impersonalizing the process.

Two-year contracts have been drawn up with several of the contracting institutions. Once sufficient historical data has been accumulated, it may be possible to extend the contracts to cover longer periods. In the unlikely event that a contract is not renewed, a provision in the document provides for an extension of the contract for eighteen months beyond its expiration date so that JWCC students can complete their studies.

## The Student In The Educational Common Market

An educational common market is of tremendous benefit to the residents of the district. The student can choose to take classes at the institution (or sometimes institutions) which best meets his educational needs, and at a very affordable price. The JWCC student is totally immersed in campus activities including participation in intramural and interscholastic athletics at the institution he attends. Furthermore, the student is eligible to live in residential housing and may use the library resources of any of the contracting institutions.

A student living in the John Wood Community College District has a number of options for taking classes besides attending one of the contracting common market institutions. JWCC now offers its own programs in nursing, agriculture, electronics, and fire science since these programs were not available in the District through the common market consortium. In addition, the College's administrative facility

in Quincy includes a large Open Learning Center featuring individualized, self-paced college courses in a number of subject areas, most of which are media supported. The student can enroll in the OLC at any time of the year and exits upon completion of the course objectives. One-to-one pupil/instructor contact is emphasized. The success of the Open Learning Center is due in part to the fact that contracting for the majority of the traditional programs allows greater time for development of non-traditional approaches to education; approaches that can make higher education accessible to students who cannot meet the time parameters of a typical class schedule.

Students in outlying areas may take courses at one of several Project Outreach Centers. Participation at one of the Centers was so extensive that a permanent satellite center was established in the community in the summer of 1979, modelled after the Open Learning Center in Quincy. In addition, JWCC has implemented an extensive high school Escrow Program which permits juniors and seniors to accelerate in various academic disciplines.

JWCC itself offers the full range of student services at its administrative offices including admissions, career advising, counseling, diagnostic testing, financial assistance and placement.

## Mutual Benefits Through Cooperation

In addition to the benefits to the student and the taxpayer, John Wood has proved to be a boon to the contracting institutions. The private, four-year liberal arts college in Quincy enrolled over 600 JWCC students during the 1979-80 school year which stabilized its declining enrollment pattern. The other institutions have experienced similar enrollment trends through the cooperative effort.

Studies conducted since 1975 show consistently that over 70% of the students surveyed each year would have gone to school outside the District or would not have gone to school at all if it were not for John Wood Community College.

The common market model also creates community support for the College because people perceive it to be a sincere attempt by the Board and staff to be cost effective.

## Industry And The Educational Common Market

The success of the College in using contractual arrangements with traditional educational institutions encouraged staff members to explore similar relationships with private industry.

In the fall of 1979, JWCC established a program in cooperation with a local industry in response to a need for trained specialists. Harris Corporation, an international company with a Broadcast Products Division in Quincy, indicated a need for broadcast engineering technicians. For several years, Harris Corporation had been conducting "in-house" technical education programs for the benefit of domestic and international customers. JWCC collaborated and developed an associate degree program contracting with Harris to provide educational services for the technical phase of the curriculum. This industrial training program is different in that the industry is delivering the service, being paid on a credit hour format. Harris Corporation has constructed a classroom and laboratory facility at one of its industrial sites to house the program. JWCC obtained $35,000 in state funding for basic laboratory equipment and Harris Corporation made available over one million dollars worth of equipment.

The start-up costs for the College were approximately one-third to one-half of the usual start-up costs for a highly technical program such as this. Few if any schools have the financial resources to stay current with costly, highly specialized broadcast technical equipment. JWCC students in the Broadcast Electronics Technology program receive hands-on experience with state-of-the-art equipment made available through the industrial-based program. General education courses and electives are taken through JWCC to complete the certificate and associate degree program.

The JWCC-Harris venture is a prime example of how quality training in a specialized field can be provided by using the resources of industry in a cooperative common market arrangement.

## The Future Of Community-Based Contractual Education

A member of the North Central Association accreditation team which recently visited JWCC remarked that more and more post-secondary institutions would be following the John Wood model to some degree in the future. Duplication of personnel, facilities, and resources cannot be justified in a time of financial constraints, and a new generation of astute consumer/taxpayers will demand responsible planning and better use of existing resources.

Looking at the John Wood operation, one sees many indicators of success. The enrollment at JWCC has increased from about 400 students when the College opened to nearly 3,500 in its fourth year of operation. Students may choose from 65 curricula in ten different fields of instruction leading to degrees or certificates in the occupational program or to degrees in pre-professional baccalaureate-oriented studies. The completion rate for students in all JWCC courses has been in the range of 84 to 92 percent each term. This wide range of successful educational programs and services is provided in a very cost-effective way. Net instructional cost figures for the 39 community colleges in Illinois show JWCC well below the statewide average.

Five years ago, the majority of people in the area were wary of establishing a community college district. The fact that District 539 was the last to be formed in Illinois attests to the presence of local resistance. When the arrival of a community college seemed inevitable, it was perceived by many that the College should do little more than serve a "brokerage" function, with a small administrative staff funnelling students from campus to campus. Today, JWCC can truly be called a comprehensive community college which provides occupational and baccalaureate transfer programs, remedial/developmental programs, a full complement of student services, an extensive array of self-paced programs in the Open Learning Center, and a strong community service program.

John Wood Community College has proven that a public community college can provide quality education for its students via a contractual delivery system which avoids duplication through the sharing of physical and human resources. The contractual

arrangements have been so well accepted that the JWCC Board and staff are now exploring the possibility of extending the concept further into the community, with the intent of utilizing other potential learning sites within and adjacent to the community college district. There is also the distinct possibility of developing educational contracts with specialized training programs throughout the country that would meet a local student or community need. Examples might include programs for solar technicians, barge operators, aircraft maintenance personnel, etc.

In short, the JWCC Board and staff have recognized that contractual education can be a successful alternative to trying to be all things to all people. The institution becomes a manager of the total learning process, diagnosing and analyzing community and student needs, then determining which contractual delivery system can provide the most efficient and effective means of educating the student.

Evaluators of the common market system have repeatedly expressed concern about the lack of student identity and indeed the absence of institutional identity. That concern is not shared by the JWCC Board and staff, because it has not been borne out in fact. An interesting phenomenon has occurred in that the students and staff have developed an allegiance, or an esprit de corps towards the JWCC concept. There is a great deal of pride associated with the delivery system; so much so that it would be extremely difficult for new board members or new college personnel to move the College toward a more traditional format.

## Adapting The Contractual Model

Although replication of the total JWCC contractual common market model is probably not feasible, there are many ways to apply the basic concept to other settings.

Traditional educational institutions should be encouraged to analyze their service region to determine if a contractual arrangement could increase services to the students, improve the quality of their programs, or bring about cost savings.

Further, there may even be more innovative (some might say revolutionary) ways to use the contractual concept. An institution trapped in the log jam created by stagnant faculties and union pacts could develop contracts for many educational services:

library services, bookstore operations, athletic programs, remedial/developmental education programs, performing arts, placement services, etc. There are few, if any, limits to the type of services for which contracts could be written. A fundamental principle of this system is that an institution should be willing to contract for educational services if by doing so it can obtain a quality program at a reasonable cost. The key is to incorporate a great deal of specificity in the agreement to ensure that the "vendor" delivers a quality product. In view of this, the contractual delivery system is especially compatible with an institution which uses some form of management by objectives, since both systems require a clear understanding of goals and objectives and precision in the statement of expected outcomes.

## The "How To's" Of Contracting For Educational Services

When tackling anything new, it's sometimes difficult to know where to begin. The following checklist of key activities may be helpful to individuals considering a form of community-based contractual education for their institution.

1. Identify your "service area." Develop a student profile to find out who your students are, where they come from, and what they see as their educational needs.

2. Conduct a community needs assessment or at least sit down with representatives of business, industry, and other community leaders to gain insights as to their perception of educational needs in the community.

3. Analyze the resources of the service area. Identify existing institutions that could provide a portion of the educational services for the community college district. Consider private and proprietary schools, universities, business and industrial agencies, the public library, local arts groups, YMCA's, YWCA's, health clubs, racquet clubs, hospitals, extension agencies, etc.

4. Determine if the resource institutions you have identified are receptive to the idea of providing educational services.

5. Arrange for an in-depth discussion with a local attorney or with your college attorney if you have one, setting out in detail all the legal ramifications of entering into contracts for educational services and determine if such arrangements are consistent with state regulations and local board policy.

6. Carefully discuss your findings with the board of trustees, enlist their support, and obtain authorization to proceed.

7. Have a thorough discussion with all members of your staff who would be affected by the establishment of a contractual system. Don't overlook any area

and specifically include the business office, admissions staff, registrar, and library staff in addition to personnel from academic programs. Be certain you have support from all areas of the college and resolve differences at an early stage of the discussions.

8. Be sensitive to community reaction. Take the time to explain the system via the media and make its benefits clear to the community.

9. Conduct formal discussion sessions with potential contracting institutions concurrently with the on-campus "in-house" discussions. Involve three or four key personnel from each institution. (e.g. the president, business officer, academic dean and dean of student services, in the case of an educational institution.)

10. Finally, be sure that your legal counsel is an integral part of developing the contractual relationships and creating the necessary legal framework. Tell your lawyer what you want to do and let him put it in the proper legal format and language.

One further word about the contracts themselves. The contracts should have a consistent pattern, yet also have the flexibility to be individualized to fit each institution. Be certain that all details are covered and that the language of the contract is not ambiguous. This not only guards against confusion, but also ensures that the contracts will be stable and understandable even if there are personnel changes at the institutions involved. Have your legal counsel prepare a rough draft of the proposed contracts and give it to representatives of the contracting institution for their review so that problems with language and format can be ironed out before a formal contract is drawn up.

When developing a contract, it would no doubt be helpful to obtain models from other institutions, if possible. Key areas covered in contracts should include:

1. General Definitions (specific, general and use of terminology)
2. Obligations and Procedures (fee schedules, withdrawals, certification, etc.)
3. Student Parameters (admissions, dismissals, ancillary services, placement, etc.)
4. Instructional Requirements (course listings, supervision, evaluation, reciprocal agreements, etc.)
5. Degree and Certificates (issuance, transfer, articulation, etc.)
6. Miscellaneous (reciprocal use of facilities, equal opportunity, liability insurance, etc.)
7. Construction Language (existing laws, exclusive nature of the contract, procedures for modification, etc.)

## Conclusion

The future looks promising for the contractual common market system at John Wood Community College. Four years of impressive growth, documented cost effectiveness, and a history of student successes have shown that the contractual concept as operationalized by JWCC is a sound one. Furthermore, the common market concept has served to cultivate a basic institutional attitude or philosophy of innovation and change. The contractual delivery system permits JWCC to specify educational objectives and outcomes in traditional disciplines, thereby establishing a form of quality control. With most traditional instruction being provided by the contracting institutions, JWCC is able to concentrate on developing non-traditional instructional programs thus creating a pluralistic learning environment for the residents of the district.

Many educators are pessimistic as they approach the 1980's. John Wood Community College's Board and staff are enthusiastically and optimistically entering the decade, confident that they are in a position of providing relevant, cost-effective and quality educational programs for the residents of their district.

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This monograph on the contractual common market concept utilized by John Wood Community College was developed at the request of COMBASE (A Cooperative for the Advancement of Community-Based and Performance-Oriented Postsecondary Education), of which JWCC is a member. For further information, you are invited to contact John Wood Community College, 1919 North 18th Street, Quincy, Illinois, 62301.